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7 Inc., and John Locke

8 **UNITED STATES DISTRICT COURT**  
9 **NORTHERN DISTRICT OF CALIFORNIA**

10 ANGELES CHEMICAL COMPANY, )  
11 INC., a California Corporation, GREVE )  
FINANCIAL SERVICES INC., a )  
12 California Corporation, and JOHN )  
13 LOCKE, an individual, )

14 Plaintiffs, )

15 vs. )

16 )  
17 MCKESSON CORPORATION, a )  
18 California Corporation, et. al., )

19 Defendants. )

Northern District Miscellaneous Matter  
Case No. C 06-80343 Misc MMC (EDL)  
Case No. C 07-80123 Misc MMC (EDL)

Case No: 01-10532 TJH (Ex)  
Central District of California

ANGELES' RESPONSE TO SQUIRE  
SANDERS & DEMPSEY'S NOTICE OF  
ENTRY OF STAY OF UNDERLYING  
ACTION

1 **I. Introduction**

2 On August 9, 2007 non-party Squire, Sanders & Dempsey, L.L.P. ("SSD") filed a Notice  
3 of Entry of Stay of the Underlying Action with the Court ("Notice"). This Notice inaccurately  
4 described the effect of the stay negotiated and signed by Angeles, McKesson, and the other  
5 parties to the litigation currently filed in the Central District. SSD's Notice also improperly  
6 implied that SSD was not required comply with this Court's outstanding discovery orders until  
7 after the stay was terminated. In order to clarify the record, Angeles Chemical Company Inc.,  
8 Greve Financial Services Inc. and John Locke (collectively "Angeles") provide their response to  
9 SSD's faulty Notice.  
10

11 **II. Analysis**

12 On August 7, 2007 Angeles and the other parties to the Angeles v. McKesson litigation,  
13 currently before the Honorable Judge Terry J. Hatter Jr. in the Central District, agreed to stay the  
14 litigation for forty-five (45) days.<sup>1</sup> The parties also agreed to stay all discovery and discovery  
15 motions between the parties for 45 days. However, the parties did not agree to stay all discovery  
16 between nonparties. Instead, the parties specifically noted,  
17

18 "The deadlines for fact discovery and fact discovery motions have passed and are not  
19 impacted by the within stipulation. All remaining discovery shall be stayed as set  
20 forth herein. Plaintiffs will take no further legal action in their proceedings  
21 against SSD, and Thelen, Reid pending in the United States District Court,  
22 Northern District of California, and Univar pending in the Western District of  
23 Washington, during the stay period. However, this agreement is without prejudice  
24 to the parties' right to seek further relief on these matters or others by ex parte motion  
25 after the termination of this agreement at the conclusion of the stay period." (Joint  
26 Stipulation for Litigation Stay at 3:6-13).

27 Therefore, the language of the stay proves that Angeles and the other parties to the litigation  
28 agreed that Angeles would not file any new motions against SSD or other listed nonparties  
until after the stay had ended. However, the parties did not authorize SSD to delay

1 compliance with this Court's outstanding discovery orders. Thus, SSD remains obligated to  
2 comply with this Court's March 22, 2007, and August 2, 2007 orders.

3 Further support for this conclusion is seen by the August 9, 2007 stipulation, which  
4 clarified all hearing dates and pre-trial dates included in the stay.<sup>2</sup> This stipulation outlined  
5 the motions that were included in the stay. (August 9, 2007 Stipulation at 3-6). Nowhere in  
6 the stipulation is it stated that SSD was absolved of its duty to comply with this Court's  
7 outstanding discovery orders. Additionally, the stipulation did not show that SSD could  
8 ignore Angeles' meet and confers sent during the 45 day stay.

9  
10 Thus, SSD's unilateral decision not to comply with the Court's March 22, 2007 order  
11 or its August 2, 2007 order is unsupported by the stay currently in place with the Central  
12 District. Angeles hopes that SSD will comply with the Court's orders thus making it  
13 unnecessary to seek further Court orders. However, Angeles has provided SSD with its  
14 opinions on SSD's duty to comply and notice of Angeles' intent to file a motion seeking  
15 sanctions, immediately after the stay has ended, if SSD does not comply with this Court's  
16 orders and does not respond to Angeles' August 1, 2007 meet and confer.<sup>3</sup>

### 18 **III. Conclusion.**

19 As shows above, the stay negotiated between the parties and filed with the Central  
20 District does not give SSD the right to stall compliance with this Court's discovery orders  
21 ignore Angeles' meet and confers. If SSD does not create a separate index of the McKesson  
22 documents identified in the privileged documents or privileged portions of the documents  
23 listed in the Court's August 2, 2007 order, including information identifying the documents  
24 and the location of the documents as last knows by SSD, by 14 days of the Court's August 2,  
25  
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27 <sup>1</sup> A true and correct copy of the August 7, 2007 stay is attached hereto as Exhibit A.

28 <sup>2</sup> A true and correct copy of the August 9, 2007 stipulation is attached hereto as Exhibit B.

<sup>3</sup> A true and correct copy of this letter is attached hereto as Exhibit C.

1 2007 order, SSD will be in contempt. Additionally, if SSD does not produce to McKesson  
2 the nonprivileged documents listed in the August 2, 2007 order within 7 days of the order, it  
3 will also be in contempt. Furthermore, SSD remains duty bound to participate in any meet  
4 and confer initiated by Angeles during the 45 day stay.  
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10 DATED: August 10, 2007

Caufield & James, LLP

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14 Attorneys for Plaintiff/Counter-Defendant  
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